2/25/77 [1]

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February 25, 1977

Frank Moore

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Congressional Mail 2/24





THE PRESIDENT HAS SEEN

2/24/77

SIGNATURE

CONGRESSIONAL MAIL TO THE PRESIDENT MAIL SUMMARY PAGE

COMMENTS DISPOSITION ack-JC/BL your economic stimulus program legislation to authorize the of remarks on countercyclical portion of Introduction, on 2/22, of enclosed copy House floor. SUBJECT Rep. Jack Brooks FROM

mass mailing against Warnke nomination, sponsored by Committee for the Survival Form letter as part of a of a free Congress.

Rep. Larry Mc Donald

Conservation, and Recovery Act disposal problems of 1976 which deals with orovision in Resource an Urges your support of solid waste in Alaska.

Sen. Mike Gravel

ack-JC/Interior

Disapproves deletion of funding for Grove Reservoir in Kansas; full report on Administration requests reconsideration and position prior to Budget Committee mark-up.

Sen. Robert Dole

His committee, Public Works and testimony from Army on criteria used to evaluate the 19 water Transportation, is holding a hearing on 2/25 to receive resource projects which were

Rep, Harold T. (Bizz) Johnson

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cc: FM(RM)

N/A

FM(DT)

FROM	SUBJECT	DISPOSITION	COMMENTS	SIGNATURE
Sen. Russell Long	Recommends Joseph Barreca for Administrator of National Credit Union Administration.	ack-FM/JK		
Sen. Paul Laxalt	Recommends appointment of Robert Garrett as Regional Director for SBA.	ack-FM/JK		
<pre>%ep. Marilyn Lloyd</pre>	Recommends Anne Powell for Architect of the Capitol (would not appear to be a /s a Presidential appointment)	ack-JC/JK holding		
lep. Glenn Anderson	Recommends Charles Luna for reappointment to Board of Directors of Amtrak.	ack-FM/JK		
ep. John Moss	Recommends Charles Luna for reappoinement to Board of Directors of Amtrak.	ack-FM/JK		
en. Bob Packwood	Recommends Robert Ball for appointment to National Senior Citizen Committee.	ack-FM/JK		
ep. Ted Risenhoover	Urges appointment of J.R. Hall to any advisory committee on mental health; and, in handwriting across bottom of letter, "and re-organization any way	ack-FM/JK	K Carter	
	-			

CONGRESSIONAL MAIL TO THE PRESIDENT

-8-

PAGE

MAIL SUMMARY

February 25, 1977

Hamilton Jordan

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Appointment of Mrs. Mondale to the Federal Council on the Arts and Humanities.





THE WHITE HOUSE

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THE WHITE HOUSE

Mr. President:

No comment from Hamilton.

Rick

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THE PRESIDENT HAS SEEN.

Ham -Hold ste



THE VICE PRESIDENT
WASHINGTON

February 22, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

THE VICE PRESIDENT O

RE:

Appointment of Mrs. Mondale to the Federal Council on the Arts and the

Humanities

The Federal Council on the Arts and Humanities coordinates so far as practicable the policies and operations of the National Endowment for the Arts and the National Endowment for the Humanities, as well as certain other related activities. The Council has 14 statutory members, a list of which is attached. You are authorized to change the membership of the Council from time to time as you deem necessary and I am informed that in the past there have been members appointed in addition to the statutory members. This practice has the approval of the Counsel and Staff Director of the House Subcommittee which has legislative jurisdiction over the council as well as the general counsels for the two endowments which provide support to the Council.

Joan would like to be appointed to membership on this Council, preferably as your representative. This would provide her with a base from which to pursue her interest in a wide variety of arts activities.

The success of my Vice - Presidency May depend on this!

DETERMINED TO BE AN ADMINISTRATIVE

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Federal Council on the Arts and the Humanities

The Council is composed of:

Chairman of the National Endowment for the Arts
Chairman of the National Endowment for the Humanities
U.S. Commissioner of Education
Secretary, Smithsonian Institute
Director of the National Science Foundation
Librarian of Congress
Director of the National Gallery of Art
Chairman of the Commission of Fine Arts
Archivist of the United States
Commissioner, Public Buildings Service, GSA
Member designated by the Secretary of State
Member designated by the Secretary of Interior
Member designated by the Chairman of the Senate
Commission on Art and Antiquities
Member designated by the Speaker of the House

February 25, 1977

Stu Eizenstat

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Hamilton Jordan

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"Study for Senator Sam Nunn on the All-Volunteer Force"

Dr. William R. King
Professor of Business Administration
University of Pittsburgh
testimony before

US Senate Armed Services Subcommittee on Manpower and Personner
Chaired by Senator Sam Nunn

Mr. Chairman, I am delighted to be here today to report to the subcommittee on the results of a study that I have been conducting for you on the All-Volunteer Armed Force (AVF) and some alternatives to it.

Some months ago, Mr. Chairman, you asked me to accept a temporary position as your professional staff representative on the Senate Budget Committee to enable me to perform a study of the AVF as well as other duties. I took leave from my position at the University of Pittsburgh during the fall term of 1976 to do this.

The study has now been completed and my purpose in being here today is to review its major conclusions.

The major dimensions of the study have been:

- (1) a thorough review of the history of, and rationale for, our 1973 transition from a mixed force of volunteers and draftees to an AVF,
- (2) an analysis of data reflecting the performance to date of the AVF.
- (3) an analysis of the many studies, reports, surveys, and popular and scholarly articles which have been produced on various aspects of the AVF and,
- (4) a feasibility analysis of a number of alternatives to the AVF such as universal military training, a "reserve-only" draft and a variety of programs of national service.

I have attempted to assess the AVF in broad and comprehensive terms -- considering not only aggregate statistics such as those which are commonly released by the Department of Defense, but also detailed data on specific areas of AVF performance. I have also, insofar as possible, attempted to assess such

intangibles as the morale of our troops, the impact of the AVF on the nation, and its impact on the attitudes of the young people who will be the potential recruits of the future.

The Department of Defense has been extremely cooperative in the study. While my testimony will in many ways be critical of the AVF, let me make it clear that I am not negatively assessing the job which DOD has done in implementing it. When one recognizes that DOD took a concept that lay outside the experience of every defense manager and implemented it on a scale beyond that which had ever been attempted by any nation, he must realize that they have, on the whole, performed admirably.

However good may have been this job of implementation, it does not mean that the AVF is itself good, or better than various alternatives, for our nation. It is this issue -- the relative merits of the AVF and alternatives to it and to the nation as a whole -- to which my study is addressed.

Let me summarize the major overall conclusions of the study:

First, that while aggregate recruiting and force level statistics apparently reflect the general viability of the AVF, there are many current attributes of our military which raise grave doubts as to its overall cost and effectiveness.

Second, that the current problems of the AVF translate into potential future problems that may be of significant negative impact on our future ability to maintain an effective defense establishment at reasonable cost levels.

Third, that while many alternatives to the AVF, other than the pre-1973 variety of draft, are dismissed outright by some as infeasible, I have concluded that a program of national service could be developed and implemented in such a way that it would alleviate many of the problems of the AVF, substantially enhance the nation's ability to pursue a broad range of our national goals, and be reasonably economic.

Fourth, that other alternatives, such as a "better managed" AVF, an AVF complemented with a back-up draft, or a reserve-only draft, might serve to amelioriate some of these current and future problems.

Fifth, that despite their <u>relative merit</u>, however, there is no assurance that these "simple" alternatives would be capable of providing the nation with an adequate defense capacity at reasonable cost in the late 1980's.

Sixth, that one of these alternatives to the current system -- that which I have characterized as a "better managed" AVF -- would require the institution of a broad range of programs for enhancing the supply of, and reducing the need for, the ever-harder-to-recruit qualified young male. Since some of these programs would require a substantial change in the viewpoint and operating practices of some DOD managers, the idea of a better managed AVF as a cost-effective alternative to the present system can itself be seriously questioned.

Now, let me turn to some of the specific aspects of the AVF which bear importantly on its current cost-effectiveness and its future viability. The most obvious dimension on which to evaluate the AVF is in terms of its recruiting performance.

Recruiting

The ability of the AVF to attract sufficient recruits has always been recognized to be a key determinant of its success. In the first year of operation, there was some difficulty in attracting adequate numbers of high-quality recruits. Subsequently, with vastly increased expenditures for recruiting and better management of its recruiting activities, the services have been generally more successful.

However, the most recent data -- for the last quarter of calendar 1976 -- show the Army with a 6% recruiting shortfall and the Marine Corps with a 15% shortfall -- both of these despite the expected increased flow of recruits to

get in before the end of the GI Bill, which expired at the end of 1976.

The future recruiting situation is even much less bright. The AVF has been operating under a combination of circumstances which could not reasonably be expected to ever be more favorable:

- -- First, a 40% force level decline from the Vietnam peak, which has significantly reduced recruiting requirements.
- -- Second, peak populations in the 17-18 year old male groups, which are the prime recruiting targets.
- -- Third, record unemployment levels, especially among teenagers, (19%) and more especially, among black youths, (36.9%).
- -- Fourth, substantially greater increases in real military recruit pay relative to real civilian pay for comparable jobs, (193% vs. 11% between 1964 and 1973).

The best available projections of the future are for significant changes in all of these factors. Each of these changes will adversely affect the military's ability to recruit sufficient number of volunteers.

First, relatively stable force levels are expected rather than decreasing ones.

Second, we will have declining populations in the 18-year old male group; these declines will continue into the early 1990's when there will be more than 25% fewer in this group than in 1976, (1.6 million vs. 2.15 million).

Third, expected improvements in the unemployment situation (a nearly 50% decrease in the unemployment rate for 18-19 year old males is forecast for 1982).

Fourth, relatively greater parity, or even a reversal of the real pay-increase advantage which has been held by the military over civilian jobs during the past decade.

These factors, in combination, portend of very grave recruiting difficulties for the military in the future. These difficulties will become increasingly apparent in coming years in the form of recruiting shortfalls, lowered recruit quality, and requests for ever-increased funding for recruiting. In the early

1980's unexpected high unemployment will be the only factor which might alleviate these manifestations of the AVF as a sinking ship that is becoming increasingly costly to keep afloat. Later, in the mid 1980's, even high unemployment will not produce an adequate supply of volunteers at reasonable cost.

The magnitude of the problem which will face the military in that period is made apparent by the fact that the "total force" of active forces and reserves will need to recruit 1 of every 2 qualified and available male youths in the mid to late 1980's.

Now, let me turn to the cost performance of the AVF.

Cost

The impact of the AVF on defense costs has been significant. In the future, there is reason to believe that it might become an untenable economic burden to the nation.

The annual incremental cost of the AVF has been variously estimated at between \$3 billion and \$5.6 billion. However, more important than this budgetary figure are other cost parameters associated with the AVF:

- -- First, the "opportunity cost" of the AVF -- that cost savings which would be realized by returning to the draft, which has been estimated at only \$325 million if no pay decreases accompany a return to the draft.
- -- Second, the future cost increases for defense manpower which can be expected under current AVF policies: for instance, a potential 36% increase in the next four fiscal years -- until 1981 -- for manpower costs which are already at least 58% of the total defense budget.
- -- Third, the cost of increasing force levels under the AVF, such as might be required in the event of an emergency or threatened emergency: the cost difference for raising force levels to 3.1 million enlisted personnel -- the Vietnam level -- would be an astonishing \$29 billion more for the AVF than for the draft.
- -- Fourth, the high marginal or incremental cost of recruiting -- i.e., the cost of recruiting the least hardest-to-get volunteer. While the average cost of obtaining each recruit is about \$1250 for DOD as a whole, the incremental cost of the most difficult-to-get recruit in the Army may be as high as \$12,000 in FY 1977. (Even if this figure is an overestimate, there are other credible estimates of \$5,500.)

-- And last, the high bonus costs which have proved to be necessary to attract recruits into the combat areas, (more than \$60 million paid to 25,000 recruits in FY 1976); a further indication that even current high rates of military pay are inadequate to attract recruits into these high-risk jobs.

Thus, I conclude that the current incremental costs and the potential overall future costs of the AVF are enormous, while the savings to be achieved from a return to the draft are not comparably great in current budget terms.

These recruiting and cost assessments are admittedly heavily dependent on forecasts of the future, which, however rigorous they may be, are necessarily uncertain. However, there are many aspects of the present performance of our AVF which are much more certain, but nonetheless bothersome.

Reserve Forces

Our reserve forces are greatly under strength and are forecast to become even more depleted in the next 5 years.

The selected reserve is more than 53,000 below the Congressional floor. This shortfall is expected to double by the end of FY 1978.

The individual ready reserve is now 180,000 below mobilization levels -- a shortfall which is expected to increase to 250,000 by fiscal 1980.

The "quality" of the reserve troops has also decreased substantially in terms of the proportion of recruits in the upper mental categories (from 17.3% to 2.9% in Category I between FY 71-76) and the proportion of recruits with at least some college training (from 52.3% to 6.8% in the same period).

These Reserve difficulties are especially important because of:

- -- the total force concept, which places heavy dependence on the reserve forces in case of emergency.
- -- the lack of an alternative, such as a backup draft, to supply recruits in the event of an emergency.
- -- the enormous cost of increasing force size through normal AVF recruiting.

-- the special nature of the reservists job which requires at least as high quality of recruits for effective mission performance as do the active forces.

Now, let me turn to some disturbing problems of our active military establishment.

Active Force Attrition

Despite the apparent near-accomplishment of recruiting objectives over the recent past, the AVF has not really been performing well in delivering an adequate quantity and quality of military personnel on an economic basis. Data reveal that the Army lost 107,000 enlisted personnel in FY 1976 through attrition. This means that significantly more enlisted personnel left the Army prior to the expiration of their normal term of service than were routinely separated at the end of their term of service, including retirees.

About 70% of these premature separations were adverse -- for instance, training discharges, misconduct, etc., and a very large proportion were in their first year of service.

Although military attrition has always been higher than for many other occupations, attrition in the first term of service increased from 25% to 37% in the past four years. Today's AVF could be characterized as a revolving door which takes in young people and turns many of them back into the streets labeled as "rejects".

The costs to the nation of this massive attrition cannot but be severe -- e.g.:

- -- the recruiting, training, and maintenance costs for which little return is obtained.
- -- the impact on the morale of our troops of this number of adverse separations and the events which preced them.
- -- the social cost of creating these "failures" who are turned back to civilian society.

-- the impact on future recruiting and on the public's attitude toward the military.

Now, let me address the issue of the military's representativeness of the population under the AVF.

Representativeness of the AVF

The AVF is usually presented by DOD as being reasonably representative of the overall population. This is so to a greater degree than many people believed when it was under consideration, but it is certainly not so with respect to the sex, racial and educational characteristics of the active force.

Women comprise only about 5% of DOD military personnel. While this is a significant increase from the 1% in 1964, it is also significantly below the potential for utilization of women in the armed forces.

More importantly perhaps, the most recent recruiting statistics show female accessions in the Army and Navy down more than 21% in the last quarter of 1976 from previous-year levels. This suggests that DOD is not successfully pursuing one of the major demand-reduction options which it has available -- the increased use of women in place of the ever-harder-to-get young qualified male.

The proportion of "college people" in the AVF is substantially below draftera levels. Although many military enlisted personnel have jobs that do not require even minimal college experience, I have concluded that it is a mistake for us to allow educational levels to fall to the low overall levels which might be dictated through simplistic analyses of job content. This conclusion is based on evidence that a credible and effective American military force must be made up of soldiers who understand their nation's role in the world and their personal stake in it.

The current educational makeup of our forces suggests that our military personnel may be less able to intelligently deal with the complex defense and world

This conclusion is borne out by survey data which show that <u>most enlisted personnel</u> are ignorant of our need for a strong military establishment and for our global military committments.

Another aspect of representativeness -- the racial mix -- is bothersome to many people. Blacks comprise almost 24% of the Army -- much more than double their representation in the population.

The explanation for this over representation of blacks is straightforward. We have been practicing a kind of "economic conscription". Because the rate of unemployment for black youths is more than double that for non-blacks, our current approach to raising a military force places a disproportionate share of the defense burden on poor blacks.

This is interesting to note, since despite the fact that the draft was reputed to unfairly burden the poor, black representation has more than doubled on a percentage basis since the draft year of 1964. This means that defense burdens are now being unequally placed on an even narrower segment of the population than they were under the draft.

Now, I would like to consider that most important aspect of the AVF -- its effectiveness.

Military Effectiveness

Although I have made no attempt at assessing the military effectiveness of the armed forces in either an absolute or relative sense, I do consider a number of aspects of the current AVF to be indicative of potential effectiveness deficiencies.

Among these are:

- -- the high adverse attrition rates, which cannot but negatively affect morale, and hence effectiveness.
- -- high rates for nonjudicial punishments, which have increased 35% since Vietnam-era levels.

- -- survey results that show that 24-30% of active enlisted personnel would "try to avoid" or "probably refuse" to serve in combat situations, depending on the nature of the emergency.
- -- the increasing perception of the AVF as a peacetime concept which will not prove to be viable in an emergency.
- -- the decreased quantity and quality of the Reserves, which serves to amplify the "peacetime-only" view of our military forces.

However, the most important long-run impact of the AVF will be its effect on the nation.

Impact of the AVF on the Nation

The AVF's impact on the nation has not been comprehensively assessed. However, again, there are many aspects of the AVF which directly affect the nation at large as well as the attitude of our people toward the military. The high adverse attrition rates and the racial unrepresentativeness of the AVF are among the negative aspects which may prove to be significant in terms of the military's public image. The disproportionate attraction of highly qualified young black men away from their communities, where they are needed, and the social cost of the many rejects who are being sent back to their homes, are direct social consequences which affect the fabric of the society.

The military's increasing role in education is another bothersome product of the AVF. Military recruiting activity is at a high level in the nation's schools. The military now gives its Armed Services Vocational Aptitude Battery (ASVAB) exam to more than 1.3 million high school students. As such, it is fast replacing traditional vocational testing exams in the schools. Military recruiting messages reach an estimated 90% of their target population many times each month.

The overall impact of this high level of military involvement in the civilian affairs of the nation is difficult to assess. However, since it represents a dramatic change from our previous practice, and since it will increase in

intensity if the AVF is to survive in the increasingly-more-difficult recruiting climate of the future, it warrants our attention and concern.

The Basis for the AVF

All of these problems naturally call into question the basis for the decision to go to an AVF.

President Nixon promised an end to the draft in campaign speeches in 1968. Although the Gates Commission studied the desirability and feasibility of the AVF during 1969, the decision to go to an AVF was made prior to then. The primary motivation for the decision was the unpopularity of the draft and the domestic violence, draft avoidance and resistance, and demonstrations of the Vietnam era.

The Gates Commission report -- which favorably reported on both the desirability and feasibility of an AVF -- presents the underlying rationale for it.

The Commission was composed of distinguished individuals with good staff support, and it debated the myriad issues involved in the draft-to-AVF transition diligently. My conclusions with regard to our present-day AVF initially caused me concern, since they are so much at odds with the carefully-considered conclusions of that distinguished and capable Commission. I therefore deemed it to be useful to return to the Gates Report and its supporting staff studies to analyze it in the light of our experience with the AVF that they recommended to us. In doing so, I identified several hundred assumptions, forecasts and recommendations of the Commission -- each of which influenced, to some degree, their positive conclusion about the AVF.

The results of this analysis can be summed up by saying that <u>a wide range</u> of important Gates Commission assumptions, forecasts and recommendations have not <u>been borne out or not implemented under the AVF</u>. Among the important assumptions

and forecasts which have been proved to be grossly invalid are those dealing with:

- -- enlisted <u>personnel turnover</u>, since the actual turnover is 50% higher than forecast
- -- the <u>budgetary costs</u> associated with turnover and increased force sizes, which were grossly underestimated by the Commission
- -- the broad <u>economic and social cost savings</u> which were assumed by the Commission and estimated in dollar terms using arguments which have proved to be suspect
- -- the <u>representativeness of the AVF</u> with respect to race; the everincreasing proportion of blacks is already higher than the <u>highest</u> level that the Commission believed to be possible for 1980
- -- the <u>attitudes</u> and <u>morale of the military</u>, which, as reflected by near-record high rates of courts martial, less-than-honorable discharges, and nonjudicial punishments, are at or near record lows, whereas they were assumed to improve under the AVF, and
- -- the ability of the <u>reserves</u> to attract sufficient recruits, which was grossly overestimated by the Commission.

Among the many implementing recommendations of the Gates Commission -- those things which were recommended by them as elements of the overall "draft to AVF" transition -- which have not been followed through, of particular importance are:

- -- our <u>failure to implement a backup draft</u>, whereas a backup draft was an integral part of the primary recommendation of the Commission, and
- -- the recommended programs of capital substitution for labor, civilianization, and re-enlistment rate improvement, which would reduce the demand for young qualified males, have not been aggressively pursued by DOD.

Alternatives to the AVF

The AVF faces clear present and future problems which suggest that it would be prudent for the nation to consider alternatives to it. I have examined a variety of alternatives and I believe that the continuing "AVF-or-a-return-to-the-draft" controversey is far too simplistic, and lacking in both creativity and thoughtfulness.

There are a number of alternatives to the AVF <u>and</u> to the draft, which the nation should study and consider carefully. Some of these -- particularly that wide range of programs which go under the heading of national service -- are often dismissed as administratively or economically infeasible by people who have given only superficial thought and attention to them.

My study -- admittedly preliminary in nature -- has led me to conclude that a reserve-only draft and/or the institution of a backup draft would be beneficial to the nation. However, a major new program of national service would go much further to alleviate the problems which we are currently experiencing, to help us to avoid the problems of the future, and to permit us to actively seek a broader range of national goals than we are currently able to aggressively pursue on an economic basis.

I estimate that a "minimally-coercive" national service program -- one that requires the registration, vocational and medical diagnosis, and counseling of everyone, but still relies on volunteer service -- could be implemented on a decentralized basis involving the participation of local governments and private service organizations for about an additional \$8 billion net outlay each year.

Such a program would fill substantial existing demonstrable needs among youth for:

- -- vocational and medical testing and counseling
- -- vocational information and counseling
- -- job training, and
- -- job experience.

For the nation, even such a minimal national service system would:

- -- provide the registration system which is the basis for a backup draft
- -- provide a mechanism for performing public service work such as civil defense preparation, public facilities construction, and nursing care for the elderly which will otherwise go undone.

It would also alleviate the substantial problems of youth unemployment and some of the negative attitudinal and behavioral consequenses, such as crime and welfare dependence.

National service registration and counseling would provide a broader pool of well-informed potential recruits for the military. Since there is evidence that youths who are substantively informed about military service become more positively inclined toward it, even a minimal national service program should help alleviate future military recruiting difficulties.

Perhaps more significant than any of these benefits is that a well run program of national service should serve to develop an overall attitude and spirit among American youth that cannot but benefit the nation.

Even a compulsory system of national service is not so infeasible, administratively or budgetarily, as many believe. I estimate that a compulsory system would add about \$16 billion to the budget.

For either of these programs, or the wide range of alternatives which lie between them, one need look only at the Depression-era WPA and CCC programs and the present-day employment and training program of our federal government to realize that we have successfully operated, and are operating, programs of a nature and magnitude similar to that of national service. If a national service alternative to the AVF is carefully designed and implemented to utilize the tremendous reservoir of volunteer talent which exists in the nation, to serve local, national and individual needs, and to avoid excess bureaucratic control, it can be cost-effective to the nation.

Summary

In concluding my remarks, let me say that I have come to believe that <u>the</u>

AVF has some serious problems and that the future of the AVF is likely to be worse rather than better.

The AVF is essentially a peacetime force. When the perception of it as a peacetime military force becomes widespread among our citizens, our allies, and our potential adversaries, it will become increasingly ineffective as well as more difficult to maintain.

I believe that we should look at the AVF realistically, rather than through the rose-colored glasses of those draft-opponents who see the draft as the only feasible, and undesirable, alternative, or those defense officials who have dedicated themselves to making it a success, despite their underlying doubts.

With the advent of a new national administration, we have the opportunity to take an analytical look at that which we have and that which we could have, and to create a service program which is best for the nation. I hope that we shall avail ourself of this opportunity.

To Jody
Let pues know
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on water projects -

Rich -- L'have sine Recoismal to Toly. Ly:

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February 25, 1977

Frank Moore Stu Eizenstat

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Memo to Asst. Secretaries

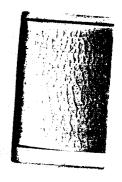
of Legislation

cc: The Vice President

Midge Costanza Ham Jordan Bob Lipshutz

Jody Powell Jack Watson





FYI	ACTION FYI	
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COSTANZA		BOURNE
EIZENSTAT		BRZEZINSKI
JORDAN		BUTLER
LIPSHUTZ		H. CARTER
MOORE		CLOUGH
POWELL		FALLOWS
WATSON		HARDEN
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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 24, 1977



MEMORANDUM FOR:		THE PRESIDENT	,		
FROM:		STU EIZENSTAT			
SUBJECT:	Memo to Assistant	Secretaries of Legislation			
The pertinent Cabinet members agree that we need a common statement of Administration positions on the issues which have been raised on the Hill concerning the stimulus package, since lobbyists from the various Departments are working together in an interlocking way.					
The attached memory has been approved	o to Assistant Second by OMB and the re	retaries of Legislation elevant Cabinet Secretaries	•		
It can be updated	•	ne situation changes.			
Approve	Disapprove_	Discuss			

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

Assistant Secretaries for Legislation

FROM:

Stuart Eizenstat
Assistant to the President

for Domestic Affairs and Policy

Frank Moore
Assistant to the President
for Congressional Relations

This memorandum which has been agreed to by Secretaries Blumenthal, Kreps, and Marshall, by the Director of OMB and by the Chairman of the CEA, briefly describes the Administration position on issues concerning the fiscal stimulus package.

I. TAX REJATES AND PAYMENTS

The Administration will accept a ceiling of \$30,000 in adjusted gross income on those eligible for tax rebates and the phase-out of the rebate between \$25,000 and \$30,000 AGI, as proposed by the Ways and Means Committee.

ok —

The Administration supports extension of the \$50 payment to recipients of AFDC, and we do not oppose the elimination of duplicate payments to SSI and Social Security recipients.

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However, we are concerned about the feasibility of proposals which would extend the payment to recipients of Black Lung and Veterans' benefits and which would at the same time impose prohibitions on duplicate payments. Therefore, we should express concern but state we are reserving a final decision pending a more complete review of the administrative difficulties.

ok

II. EMPLOYMENT TAX CREDIT

The Administration continues to support our proposed employer tax options of either: (1) a 2% increase in the investment tax credit or (2) a credit against income taxes equal to 4% of payroll tax payments.

We oppose the employment tax credit adopted by the Ways and Means Committee as a far less effective way to encourage new employment opportunities.

III. STANDARD DEDUCTION

The Administration's legislative proposal would increase the standard deduction for married taxpayers to \$3,000 and reduce the standard deduction for single taxpayers to \$2,200. This change from our Message was made due to recommendations from Congress, which we have accepted.

The Ways and Means Committee has accepted the Administration proposal for an increase in the standard deduction for married taxpayers, but proposes to retain the existing \$2,400 standard deduction for single persons.

Because the Ways and Means Committee proposal would increase the "marriage penalty," the Administration continues to prefer our proposal.

IV. COUNTERCYCLICAL REVENUE SHARING

This program is now authorized until the end of 1977. However, current rates of unemployment will cause all available funds to be exhausted before that time. The Administration's revised budget contains funding to carry the program through the end of 1977 at current levels. In addition, the Administration budget and legislative proposal requests that the program be enlarged, beginning in April of 1977, and extended through 1982—a total of 22 quarters. The Administration is requesting a total of \$1.863 billion in budget authority for FY 1977 (\$938 million of which has already been appropriated) and \$1.550 in budget authority for FY 1978 for the countercyclical revenue sharing program authorization.

4.323

V. PUBLIC WORKS

The Administration continues to support our proposals for expanded public works employment programs, which would double the current \$2.0 billion appropriation for FY 1977 and provide an additional \$2.0 billion for 1978.

We are prepared to accept a consolidation of the appropriations which we have requested for FY 1977 and FY 1978 into a single \$4 billion supplemental appropriation for FY 1977. However, we will do so only on condition that the combined budget authority levels for the two fiscal years are not increased.

In its legislative proposal, the Administration supports the current state-by-state allocation formula for local public works, under which 65% of the funds are distributed on the basis of the absolute number of unemployed persons within each State, and 35% of the funds are distributed on the basis of the relative severity of unemployment among the States (as measured by the unemployment rate). The Administration will oppose an alternative formula which would allocate funds solely on the basis of the number of unemployed in each State since this is insufficiently targeted.

We oppose inclusion of provisions in the LPW authorization which would require the Department of Commerce (EDA) to administer a youth employment and training program. The Administration proposes to undertake a comprehensive youth employment program within the Department of Labor, the first step of which is an expansion of Title III of CETA.

VI. PUBLIC SERVICE EMPLOYMENT

The Administration proposes to increase the number of federally-funded public service jobs under Title II VI of the Comprehensive Employment and Training Act (CETA) from the current level of 310,000 to 600,000 by the end of FY 1977 and to 725,000 during 1978.

This approach will require total outlays for FY 1977 of \$3.473 billion, and outlays for FY 1978 of \$5.888 billion. To support these expenditures the Administration has proposed total budget authority of \$3.703 billion in FY 1977 and \$5.871 billion in FY 1978. (Note that \$2.784 billion in FY 1977 budget authority has already been provided in existing appropriations).

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The Administration will support so-called "front-loading" of budget authority which we have proposed, for FY 1978 into the FY 1977 Third Concurrent Budget Resolution and the FY 1977 Supplemental Appropriation only if expenditures are not substantially affected and the aggregate budget authority for the two fiscal years is consistent with the total which we have proposed.

ok

The Administration will submit legislation to carry the CETA Title VI program through FY 1978 on the basis described above. Any further proposal for extending the program will contain a "trigger" tying the level of funding to increases and decreases in unemployment, and providing for a phase-out of funding as the economy recovers.

oh

VII. ADDITIONAL ITEMS NOT INCLUDED IN ADMINISTRATION STIMULUS PROGRAM

We are not opposed to inclusion in the Third Concurrent Budget Resolution of the \$1.7 billion*in so-called additional fiscal stimulus outlays added by the House and Senate Budget Committees, but we

- Continue to prefer the overall budget totals contained in our budget (differences with the House and Senate Resolutions are not great).
- Do not endorse the specific program add-ons (Emergency Fuel Aid, Older Americans Act, Rail and Highways, EPA Construction Grants, Job Opportunities, Emergency Fuel Aid) which were used to arrive at the figure.
- Will work constructively with the Congress in the appropriations process, with the Administration revised budget as the basis of our position.

^{*}OMB analysis shows that the actual amount of the add-on is only \$1.1 billion.

February 25, 1977

Hamilton Jordan

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Stu Eizenstat

Tim Kraft

Re: Humanities Selection

Committee.





June Bingham

Joan Mondele

William Goetzmann

Hugh Glosten

Elizabeth Viebuho Siften

Ham - This is Selection committee -Have Larry see me.



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.,-	7	TO PRESIDENT		SCHNEIDERS
		TO PRESIDENT		

SIEGEL

T. SMITH WELLS VOORDE

TO PRESIDENT

TODAY

FEBRUARY 24, 1977

HAMILTON JORDAN HAS APPROVED THIS.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON :

February 23, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STUART EIZENSTAT

SUBJECT:

Humanities Selection Committee

Here is a list of seven persons we recommend to work as a panel to choose a Chairman for the National Endowment for the Humanities:

*EDGAR SHANNON

Former President of the University of Virginia whose field is literature

*JILL CONWAY

President, Smith College

*MARY LEFKOWITZ

Classics, Wellesley College

ROGER KENNEDY

Ford Foundation (Arts and Humanities)

SAUL BELLOW

Author and professor of English

WILLIAM H. GOETZMANN

Pulitzer Prize Author, Chairman, Department of American Studies,

University of Texas

JOHN HOPE FRANKLIN

Historian, University of Chicago

(* These were suggested by the University Presidents following their recent meeting with you.)

Other names have been added by the staff for a diversity of contribution to the selection process. The full list of names submitted by the University Presidents is attached.

We recommend a low profile for this group so as not to seem to be creating yet another advisory board. Jagoda could meet with them and later have them present a recommendation to you. Suggestions for Selection Committee, Chairman, National Endowment for the Humanities. (From Presidential meeting with Presidents of Colleges and Universities, February 19, 1977)

Robert Lumianski, American Council on Learned Societies
Charles Odegaard, former President, University of Virginia
Willard "Sandy" Boyd, President, University of Iowa
Sister Ann Ida Gannon, Mundelein
Hugh Gloster, Morehouse

Hannah Gray, Yale Professor, member, Humanities Endowment Council

Ingrid Stadler, Philosophy, Wellesley
Mary Lefkowitz, Classics, Wellesley
Richard Brandt, Philosophy, University of Michigan
Jill Conway, History, President, Smith College

William Scott, History, Wellesley

Professor John D. Arms, Chairman, Classics Department University of Michigan

Lynn White, UCLA

Hazard Adams, University of California, Irvine
Edgar Shannon, President Emeritus, University of Virginia
Samuel Proctor, Rutgers

Memo

To: The President

From: June Bingham

Subject: List of people to advise on new blood for the National Endowment for the Humanities -

The names* with asterick are those I know personally -

Minority representatives:

LaDonna Harris, half Indian from Oklahoma, wife of former Senator Fred Harris; bright, well-travelled, savvy black, in his 40's,

Prof. Raymond Tanter, /Prof. of Political Science (I think) at Univ. of Michigan, an expert on UNESCO which, in effect, deals with humanities all over the world -

Theodore Moscoso, Puerto Rican, now in San Juan as head of a bank (I believe), former head of AID -

Roman Catholics:

Michael Novak, theological writer and critic, original, forceful He probably is a professor as well as writer -

Sister Monika Helwig, a professor at Georgetown University#Abigail McCarthy, author & thoroughly-separated wife of that Demo.

Jews:
version of Harold Stassen-

- Doris Grumbach, former book reviewer for The New Republic,
 now teaching literature at the Univ. of Maryland
 and writing a regular column for The Washingtonian a warm-hearted perceptive person whom I don't know
 well but who, I suspect, has good rapport with the young-
- *Charles Frankel, head (or former head) of the Philosophy Dep't at Columbia Univ., a former assistant sec'y of State for cultural affairs; he lives, I believe, in New Jersey Univ of
- *Carl Auerbach, professor of law at the/Wisconsin a warm, humorous, owlish fellow who radiates pride in his bouncy career-oriented wife. Both love the young but don't have any of their own -
- *Peter Buttenwieser, pfofessor of, I think, Education, at the Univ. of Pennsylvania. Though only in his early or mid-forties, he has taught for years in Africa -

Protties:

*John Hersey, Pulitzer Prize winning author who now spends most of his time working (pro bono publico) for The Authors League of America; also teaches a seminar at Yale; lives in Connecticut -

- *Marian Cannon Schlesinger, daughter of famous physiologist
 Walter Cannon, former wife of Arthur S. Jr. Marian
 is a published writer, a painter who has just had a
 big one-woman show in Boston (where she lives), and
 the provider of home-base for h brilliant grown children who live in Calif., Colo., and NYC and keep her
 in touch with their interests which include film, tv,
 magazine and book writing, and administering a program for kids to paint outdoor murals in Los Angeles -
- *Adelaide Finkbine Hixon (Mrs. Alexander P.) of Pasadena, Calif. I have to admit bias here: she is my closest friend and was my room-mate at Vassar until the end of second year when we were forced to leave because of the same crime: getting married! Her roots are in Iowa, her husband's financial interests are in Texas, and she is deep into good works in the Los Angeles area, having been head of the Art Museum of Pasadena, the Women's Hospital, some mental health group, and is now one of the heads of the United Fund. When her husband was UN Resident Representative in Ghana and Western Samoa, she worked hard at being a diplomatic wife (it nearly killed her to hold her tongue). Her three grown sons are far-out, so she knows a lot about the counter-culture -
- *Elisabeth Niebuhr Sifton, daughter of Reinhold and Ursula, brilliant senior editor at Viking, she has three small sons and a wide range of interests -
- *Rep. John Brademas, former Rhodes scholar who keeps up his contacts in the academic world (is a member of the Harvard Board of Overseers) and chairs a subcommittee of the House Education and Labor Committee -
- *Dr. Fritz Redlich, psychiatrist and former Dean of the Wale Medical School, married to a former singer with the Metropolitan Opera. They are about to seld their house in New Haven and move to the San Diego area so that Fritz can start a new career in behavioral science after retirmment from Yale where he teaches forensic psychiatry at the Law School and has organized multidiscipline study of kmm ethical problems-
- *August Heckscher, resident of Maine although he keeps an apt.
 in Manhattan. He was cultural commissar under JFK and
 then Mayor Lindsay's commissioner of Parks and Culture.
 He has travelled widely in the U.S. and abroad in search
 for material for his about-to-be-published book on Spaces
 in Cities. His French wife is a true intellectual and
 reads everything; she is also, after 30-odd years in
 this country, now an American citizen and a Democrat.

Administrative Staff:

Director of Administration__.

Associate General Counsel (Arts)_____

Associate General Counsel (Humanities) _____

Financial Manager ...

Director, Office of Grants (Arts)...

Director, Office of Grants (Humanities)...

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

806 Fifteenth Street NW., Washington, D.C. 20506

National Endowment for the Arts Phone, 202-382-4091

Phone, 202-634-6369 2401 E Street NW., Washington, D.C. 20506

				Director
Program	Arts,	Environmental Arts,	and	Architecture
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There Program Director	Public Media, Program Director	Music, Program Director	Museums, Program Director	Literature, Program Director	Folk Arts. Director	Expansion Arts. Program Director	Education Program Director	Dance, Program Director
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National Endowment for the Humanities

Visual Arts, Program Director-

BRIAN O'DOHERTY.

806 Fifteenth Street NW., Washington, D.C. 20506 Phone, 202-382-4091

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other Federal agencies. National Endowment for the Arts

and to provide opportunities for wider enrich the Nation's cultural resources in the United States, to preserve and ment for the Arts are designed to foster experience in all the arts. the growth and development of the arts The activities of the National Endow-

and the arts. national progress in the humanities manities is to encourage and support Foundation on the Arts and the Hu-The general purpose of the National of architecture and environmental arts, senting the highest quality in the fields cies, and nonprofit organizations repredividuals, State and regional arts agen-The Endowment awards grants to in-

music, public media (radio, television, and film), theatre, and the visual arts.

folk arts, literature, museums,

The programs of the National En-

arts,

crafts, dance,

education,

expansion

Secretary to the Federal Council on the Arts and the

DAVID JOHNSTONE

KATHLEEN BRADY.

JOYCE FREELAND. JAMES R. THOMAS.

ROBERT WADE. PAUL BERMAN

JOSEPH SCHURMAN

Personnel Officer_

by the President, which advises the man and 26 other members appointed composed of the Endowment Chair cil on the Arts and the Humanities consists of a National Endowment for as an independent agency by the Na-Arts and the Humanities was created ommendations thereon. procedures and reviews applications Chairman with respect to policies and Each Endowment has its own Counci the Humanities, and a Federal Counthe Arts, a National Endowment for 20 U.S.C. 951 note). The Foundation Humanities Act of 1965 (79 Stat. 845 tional Foundation on the Arts and the for financial support and makes rec-The National Foundation on the

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coordinate the activities of the two ment Chairmen, and is designed to members, including the two Endow and the Humanities consists of 14 Endowments and related programs of The Federal Council on the Arts

National Endowment for the

advances the quality of the life of our preserves our cultural heritage, and tivity among our most gifted artists

Nation.

to promote and support the production ment for the Humanities are designed temporary values and public issues. the serious study and discussion of conand dissemination of knowledge in the humanities, especially as it relates to The activities of the National Endow-

ogy; the history criticism, theory, and jurisprudence; philosophy; archaeol cal; linguistics; literature; history; ing: language, both modern and classinot limited to, the study of the followpractice of the arts; those aspects of the The term "humanities" includes, but is Humanities

Robert J. Kingston

Armen Tashdinian. DARREL DECHABY. RONALD S. BERMAN.

SIMONE REAGOR.

OHN H. BARCROFT. VACANCY).

JAMES H. BLESSING.

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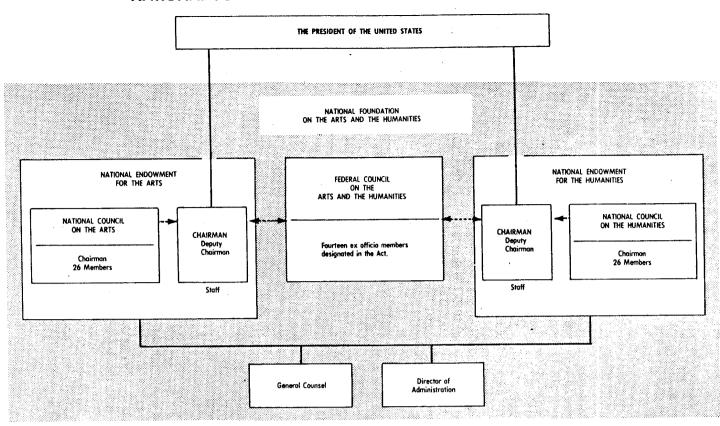
ate

Program Director at the Nationa

formation. Those interested in applying Endowment for the Arts for further in

grant in the humanities should

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES



in the arts should contact the appropri-Those interested in applying for a grant

ods; and the study and application of content and employ humanistic methsocial sciences which have humanistic the humanities to the environment.

adult public on policy issues of local cussions and media presentations genknowledge to the adult general public, both through national TV, radio, and among professional humanists and erated at the regional, State, and loca tions funds in each State to local levels. Lastly, the Endowment provides hlm programs and through public disgrams designed sions. It makes grants in support of prohumanistic implications of their profesunderstanding and appreciation of the humanities, as well as fellowships for of present and potential teachers of ships for the training and development value to the scholarly and general pubproductive of humanistic knowledge of makes grants in support of research appreciation groups—to increase understanding and schools, colleges, universities, museums young professionals in individuals, ournalism and law to enhance their public television stations, libraries, pub The agencies, and generating informed dialogue Endowment makes grants Endowment awards fellowof. groups to bring humanistic the humanities. private nonprofit or institutions fields such organizathe 25 ಕ contact the appropriate Division Director at the National Endowment for the

Sources of Information

BICENTENNIAL ACTIVITIES

velopment Office, National Endowment for the Arts, 2401 E Street NW., Washington, D.C. 20506, phone, 202contact the Bicentennial Resources De-For information regarding the Bicentennial activities of the Foundation, 634-6110; ordinator, NW., Washington, D.C. 20506. Phone, the Humanities, 806 ; and the National Endowment for Fifteenth Street Bicentennial Co-

Approved.

National Endowment for the Arts Chairman, National Ronald Berman, NANCY HANKS, Chairman,

Endowment for the Humanities

are: the Public Information Officer, Washington, D.C. 20506. Phone, 202-382-5721. For further information D.C. 20506. Phone, For further information concerning the employees are most often appointed tional Endowment for the Humanities, contact Director, tional Endowment Examination, and Senior-level Exami pher, EMPLOYMENT INFORMATION ties, programs of support for the humanigrams, Washington, D.C. 20506; for port mary guidelines of programs of supappropriate Endowment: for cants may be obtained by writing to the at the Government Printing Office sued each year, and may be obtained amination, The Civil Service Registers from which for the Humanities, Washington, D.C the publication entitled Guide to Pro-Endowment for the Arts, requesting ing information for prospective appli-Endowment for the Humanities are is dowment for the Arts and the Nationa Washington, D.C. 20401. Annual Reports of the National PUBLICATIONS Humanities. A Program Announcement containwrite the National Endowment for the arts, write the Nationa Federal Service Clerk-Typist, Program Mid-level for the Arts, contact Information, 202-634-6369 concerning the Clerk-Stenogra-Administrative Entrance Ex-Washington, sum Εņ the Z

February 25, 1977

Hamilton Jordan

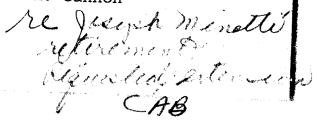
The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Jim King

Frank Moore

Re: Sen. Cannon





Mr. President:

See Jim King's comment on the attached. King's office was in communication with Hamilton's office on this matter.

Rick

THE PRESIDENT HAS SEEN, THE WHITE HOUSE WASHINGTON



MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

DATE:

February 21, 1977

Mr. President:

I talked with Mike Pertschuk about this. He says indeed Mr. Minetti is a good member of the Board, is consumer-oriented and that the consumer-oriented Senators would applaud this move. Although Cannon is Chairman of the Rules Committee, which as you know is not important in the Senate, Senator Cannon could be Chairman of Armed Services, Interior or Commerce within two years, should certain retirements occur. I recommend waiver.

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Attachment

cc: Messrs. Jordan and Lipshutz

IOHN O. PASTORE. R.I. VANCE HARTKE, IND. PHILIP A. HART, MICH. HOWARD W. CANNON, NEV. RUSSELL B. LONG, LA. FRANK F. MOSS ITTAM ERNEST F. HOLLINGS, S.C. DANIEL K. INOUYE, HAWAII JOHN V. TUNNEY, CALIF. ADLAI E. STEVENSON, ILL. WENDELL H. FORD, KY. IOHN A DURKIN N.H.

WARRENG MACHICON WASH CHAIRMAN IAMES & DEADSON MANE ROBERT P. GRIFFIN, MICH, HOWARD H. BAKER, JR., TENNA TED STEVENS, ALASKA
J. GLENN BEALL, JR., MD. LOWELL P. WEICKER, JR., CONN. JAMES L. BUCKLEY, N.Y.

United States Senate M

WASHINGTON, D.C. 20510

ATTING TO CON JA MINETI ON DS

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MICHAEL DEPTSCHING CHIEF COUNSEL S. LYNN SUTCLIFFE, GENERAL COUNSEL
MALCOLM M. B. STERRETT. MINORITY COUNSEL

February 1, 1977

The Honorable Jimmy Carter The President Washington, D.C.

Dear Mr. President:

This letter is an endorsement of the Honorable G. Joseph Minetti who presently serves the government as a member of the Civil Aeronautics Board. On April 21, 1977, Mr. Minetti will reach 70 years of age and under the provisions of 5 U.S.C. 8335 must retire from government service unless he receives an executive order from the President providing an exemption from the statute.

I strongly urge that Mr. Minetti receive such a waiver so that he may continue to serve. Joe Minetti has served on the Board with distinction since 1955 when he was first nominated to the post by President Eisenhower. He was reappointed by successive presidents in 1962, 1967 and 1973. While he is nearing his seventieth birthday, Joe Minetti still has a trememdous capacity for hard work.

In his years of service to the Board and to the American public, Joe Minetti has consistently, although often in the minority, spoken out for the public interest in air transportation. Time and again he has pressed for competitive airline service in markets across the land and has been the strongest voice over the years for the promotion of low cost air travel, often opposing the airlines in their attempts to increase fares.

At a time when regulatory agencies are under fire for a variety of reasons, Joe Minetti stands out as a regulator who has consistently put the public interest above the interests of the regulated carriers. hope you will see fit to issue an order so that he may continue to serve the remainder of his term.

Sincerely yours.

United States Senator

HWC:smr

WASHINGTON

February 24, 1977

TO: The President

FROM: James B. King

RE: The Hon. G. Joseph Minetti and the C. A. B.

- 1. The position of chairman of the C. A. B. is currently open.
- 2. Mr. Minetti is the only member with more than four years of experience on the C. A. B. (Mr. Minetti was appointed in 1956.) A good reason in favor of granting the waiver (from mandatory retirement) is to continue to draw on his experience.
- 3. It is fair to say that campaign sentiments run in favor of new blood and fresh faces when the opportunities arise. All of the current C. A. B. members are white males. (Two are career civil servants, three are attorneys.)
 - 4. Mr. Minetti turns seventy years old in April.

RECOMMENDATION:

Coordinate this decision with the selection of a new chairperson. If the new chairperson does not have a good deal of experience in the particular field, then returning Mr. Minetti to the C. A. B. may be vital in assuring the smooth continuation in the operations of the board.

If the new chairperson, however, can hold his/her own in the field, then serious consideration should be given to the replacement of Mr. Minetti with a new face.

Date:

February 22, 1977

MEMORANDUM

FOR ACTION:

Jim King

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Frank Moore memo 2/21/77 re

his talk with Mike Pertschuks concering

the Honorable G. Joseph Minetti.

Mindey (Romany)

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 4:00 P.M.

DAY: Thursday

DATE: February 24, 1977

ACTION REQUESTED:

X Your comments

Other:

STAFF RESPONSE:

___ I concur.

Please note other comments below:

_ No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

WASHINGTON

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

DATE:

February 21, 1977

Mr. President:

I talked with Mike Pertschuk about this. He says indeed Mr. Minetti is a good member of the Board, is consumer-oriented and that the consumer-oriented Senators would applaud this move. Although Cannon is Chairman of the Rules Committee, which as you know is not important in the Senate, Senator Cannon could be Chairman of Armed Services, Interior or Commerce within two years, should certain retirements occur. I recommend waiver.

Attachment

cc: Messrs. Jordan and Lipshutz

WARREN G. MAG
JOHN O. PASTÖRE; R.I.
VANCE PARTKE, IND.
PHILIP A. HART, MICH.
HOWARD W. CANNOH, NEV.
RUSSELL B. LONG, LA.
FRANK E. MOSS, UTAH
ERNEST F. HOLLINGS, S.C.
DANIEL K. INOUYE, HAWAII
JOHN V. TUNNEY, CALIF.
ADLAI E. STEVENSON, ILL.
WENDELL H. FORD, KY.
JOHN A. DURKIN, N.H.

WARREN G. MAGNUSON, WASH., CHAIRMAN

STÖRE, R.J.

JAMES B. PEARSON, KANS.

ROSERT P. GRIFFIN, MICH.

HOWARD H. BAKER, JR., TENN.

TED STEVENS, ALABKA

J. GLENN BEALL, JR., MD.

LOWELL P. WEICKER, JR., CONN.

HOULLINGS, S.C.

HOUYE, HAWAII

NINEY. CALIF.

United States Senate M

COMMITTEE ON COMMERCE WASHINGTON, D.C. 20510 Mar por court DS

MICHAEL PERTSCHUK, CHIEF COUNSEL, S. LYNN SUTCLIFFE, GENERAL COUNSEL MALCOLM M. B. STERRETT, MINORITY COUNSEL

February 1, 1977

The Honorable Jimmy Carter The President Washington, D.C.

Dear Mr. President:

This letter is an endorsement of the Honorable G. Joseph Minetti who presently serves the government as a member of the Civil Aeronautics Board. On April 21, 1977, Mr. Minetti will reach 70 years of age and under the provisions of 5 U.S.C. 8335 must retire from government service unless he receives an executive order from the President providing an exemption from the statute.

I strongly urge that Mr. Minetti receive such a waiver so that he may continue to serve. Joe Minetti has served on the Board with distinction since 1955 when he was first nominated to the post by President Eisenhower. He was reappointed by successive presidents in 1962, 1967 and 1973. While he is nearing his seventieth birthday, Joe Minetti still has a trememdous capacity for hard work.

In his years of service to the Board and to the American public, Joe Minetti has consistently, although often in the minority, spoken out for the public interest in air transportation. Time and again he has pressed for competitive airline service in markets across the land and has been the strongest voice over the years for the promotion of low cost air travel, often opposing the airlines in their attempts to increase fares.

At a time when regulatory agencies are under fire for a variety of reasons, Joe Minetti stands out as a regulator who has consistently put the public interest above the interests of the regulated carriers. I hope you will see fit to issue an order so that he may continue to serve the remainder of his term.

Sincerely yours,

AOWARD W. CANNON United States Senator

HWC:smr

THE WHITE HOUSE
WASHINGTON
February 25, 1977

Bob Lipshutz -

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Executive Order Amending Generalized System of Preferences

cc: Stu Eizenstat
Bob Linder (with signed Order)





ACTION	FYI	(5)	ACTION	FYI	
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WASHINGTON

February 24, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ

RE:

Executive Order Amending

Generalized System of Preferences

Attached is a proposed Executive Order submitted by the Special Representative for Trade Negotiations (STR) which makes changes in the duty free status of articles imported from certain countries. The Order has been approved by all interested parties, including the Economic Policy Group.

Under the law, you have until March 1 to sign the Order. Because it should be published in the Federal Register in advance of March 1, however, the Order should be signed by February 25.

We recommend that you sign the attached Order.

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Electrostatic Copy Made for Preservation Purposes

WASHINGTON

March 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT J. LIPSHUTZ

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SUBJECT:

Time Limit and Form of Presentation in Special Trade Representative (STR) Matter: Followup of your February 25 Response to my February 24 Memo (attached)

Reference is made to the above and to the Executive Order recommended by the STR, which changed certain generalized trade preferences. Apparently, this particular matter has historically caused timing problems in terms of Presidential decision-making.

The relevant statute provides that any revisions of generalized trade preferences must be made by the President within 60 days of the beginning of the calendar year. The STR, who makes the recommendation to the President, bases it on data relating to the previous calendar year. This data is normally not in final form until mid-February, and the STR's recommendations usually are not forwarded to the President until shortly before the March 1 deadline. The "annex" to the Executive Order contains 10 single-spaced pages of detailed information and financial data.

The problem will not arise again until next year. In the meantime, we have asked the STR to develop a method for insuring more substantive and lengthy White House review, even if that means relying to some extent on preliminary data.

I will keep you advised.

February 25, 1977

Bob Lipshutz -

CAB Decisions: Iberian and Philippine Airlines

The attached was returned in the President's outbox and is forwarded to you for appropriate handling with CAB.

These two cases have been forwarded to Bob Linder for handling.

Rick Hutcheson

CC: Z. Brzezinski (for handling with State)

Bert Lance

Bob Linder (with Decisions)

FYI cc: The Vice President

Stu Eizenstat Ham Jordan Bob Lipshutz Frank Moore Jody Powell Jack Watson Doug Huron





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THE PRESIDENT HAS SEEN.

cc: State

THE WHITE HOUSE

WASHINGTON

February 24, 1977

F.C.

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ

RE:

CAB Decision Re Iberian Airlines

Attached is a CAB decision concerning Iberian Airlines. The order becomes final if you take no action by February 28.

The Iberian order suspends, and initiates an investigation of, certain of the carrier's proposed discount fares, because it appears the fares would not cover costs. OMB recommends that you approve the CAB order; other interested agencies have no objection.

We recommend that you approve the CAB decision by taking no action on it.

Approve

Approve

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WASHINGTON

February 24, 1977



MEMORANDUM	FOR	THE	PRESIDENT
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FROM:

ROBERT LIPSHUTZ

RE:

CAB Decision Re Philippine Airlines

Attached is the first of many CAB decisions involving either foreign carriers or the foreign routes of domestic carriers which will be routinely coming to you for approval or disapproval. In some cases, you must affirmatively make a determination. In others, such as this, the CAB decision stands if you take no action within ten days. (Here the deadline is February 27.)

The Philippine order disapproves the carrier's recently filed plan for three weekly cargo flights to this country. The CAB's action is in retaliation for the Philippine government's denial or inaction concerning requests for cargo rights filed by American carriers. The State Department and NSC recommend that you approve the CAB decision, and other interested agencies have no objection.

We recommend that you approve the CAB decision by taking no action on it.

./		
	Approve	 Disapprove

WASHINGTON

February 25, 1977

Bob Lipshutz -

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CC: Z. Brzezinski (for handling with State)

Bert Lance

Bob Linder (with Decisions)

FYI cc: The Vice President

Stu Eizenstat Ham Jordan Bob Lipshutz Frank Moore Jody Powell Jack Watson Doug Huron





WASHINGTON

February 24, 1977

CC: State
CAB
OMB

F.C.

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WASHINGTON

February 24, 1977



MEMORANDUM FO	R THE	PRESIDENT
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We recommend that you approve the CAB decision by taking no action on it.

/	_	
	Approve	 Disapprove

WASHINGTON March 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT J. LIPSHUTZ

SUBJECT: Time Limits in CAB Matters: Status Report

You have recently expressed dissatisfaction with the short time you have had to study two CAB matters.

For certain CAB decisions -- usually the more significant ones -- there are no rigid deadlines. For others, however (such as the two last week) the statute provides that the Board's decision will become final unless disapproved by the President within ten days from the CAB order. The decision must be staffed through OMB to interested agencies, a process which takes five days. In the past, internal White House staffing has followed that of OMB and generally takes two days. Thus, this left three days for Presidential review.

To improve upon this and help isolate important issues at the earliest possible time, we are revising the staffing procedure, so that the CAB's decision in 10-day cases goes to both my office and to Mary Schuman, the airline specialist on Stu's staff, on the first day, as well as to OMB. We then should be in a position to bring potentially troublesome issues to you at an earlier date, perhaps before all staffing has been completed.

THE WHITE HOUSE WASHINGTON February 25, 1977

Jack Watson Jim King

The attached is forwarded to you for your information.

Rick Hutcheson

Re: Recommendation of Bill Gookin.

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		MONDALE			ARAGON
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		JORDAN			BUTLER
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		MOORE			CLOUGH
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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE WASHINGTON

February 24, 1977 10:30 a.m.

MR. PRESIDENT

Former Governor of Arizona Ernest W. McFarland (also served as U.S. Senator) called to recommend Bill Gookin for Commissioner of the Bureau of Reclamation. Jack Watson took his call.

Governor McFarland was very cordial but he wants to give this recommendation directly to you if you have a minute.

Nell

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February 25, 1977

Tim Kraft

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Jody Powell Barry Jagoda

Re: President's Workday





ACTION	FYI		ACTION	FYI	ci. Injoda
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TO PRESIDENT			Γ	Т	SCHNEIDERS
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Mr. President:

Tim Kraft comment:

- I recommend this with two qualifications:
- we DO pre-select the day, probably 10 days ahead
- 2. may not be possible to file the "whole day" e.g., Brzezinski briefing, possible political matters of confidence, etc.

They'll surely agree to private time; if they don't, forget it.

Rick

oh

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 22, 1977

MEMORANDUM FOR THE PRESIDENT

Via Jody Powell

From Barry Jagoda R.J.

Recommend accepting an NBC Television May or June broadcast offer for a serious and substantive look at a "President's Workday."

On a pre-selected day, NBC would videotape you for a whole day. A week later, this day would be shown as a 30-40 minute tape in prime-time followed by a live interview for 15-20 minutes.

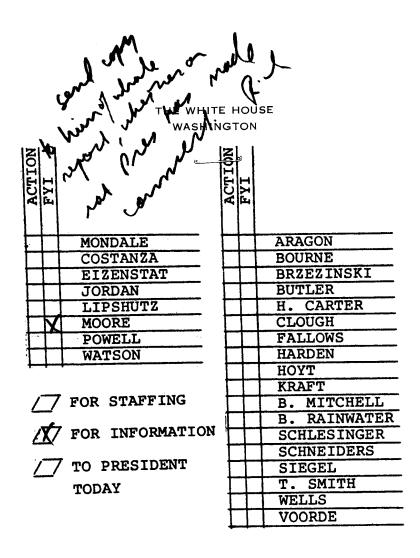
This is an example of giving something exclusively to a news organization in return for a prime-time broadcast on a subject and in a context which would be helpful to us. We are trying something similar for the "town meeting" next month, but with ABC.

####

Agree_____ Let's Discuss_____

See Kraft notes F

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MEMORANDUM Date: February 23, 1977 FOR INFORMATION: FOR ACTION: Tim Kraft FROM: Rick Hutcheson, Staff Secretary Barry Jagoda memo 2/22/77 re NBC TV broadcast of s "President's Workday." SUEJECT: YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY: TIME: 9:00 A.M. DAY: Friday DATE: February 25, 1977 **ACTION REQUESTED:** X Your comments Other: **STAFF RESPONSE:** No comment. ___ I concur. Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

February 23, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

Barry Jagoda memo 2/22/77 re SUBJECT:

NBC TV broadcast of s "President's Workday."

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME: 9:00 A.M.

DAY: Friday

DATE: February 25, 1977

ACTION REQUESTED:

X Your comments

Other:

I recommend this, with 2 nelifications 1) we do pre-select the day, probably 10 days ahead -

STAFF RESPONSE:

___ I concur. Please note other comments below:

_ No comment.

2) may not be possible to film the "whole day" — e.g. Brzezinski briefing, possible political matters of confidence, etc.

Mey'll smely agree to private time —

if they don't, forget it —

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

STAFF 40:

The attached is forwarded to you for your information.

The Vice President

Midge Costanza

Stu Eizenstat

Hamilton Jordan

Bob Lipshutz

Frank Moore

Jody Powell

Jack Watson

Rick Hutcheson

Tim Kaft

February 22, 1977

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Agree	Disagree	Let's	Discuss
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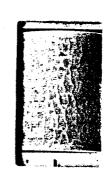
February 25, 1977

The Vice President Ham Jordan Tim Kraft

The attached memos were returned in the President's outbox. They are forwarded to you for your information.

Rick Hutcheson

Re: Senator Byrd's dinner George Meaney's luncheon





MONDALE COSTANZA BOURNE EIZENSTAT BRZEZINSKI JORDAN BUTLER LIPSHUTZ H. CARTER CLOUGH POWELL FALLOWS HARDEN HOYT KRAFT B. MITCHELL B. RAINWATER SCHNEIDERS SCHNEIDERS TO PRESIDENT TODAY T. SMITH WELLS VOORDE	ACTION	FYI	· ·	ACTION	FYI	
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THE VICE PRESIDENT WASHINGTON

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February 25, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

THE VICE PRESIDENT (

I spoke with George Meany late yesterday afternoon. He was delighted to receive the news of your favorable reaction to his public comments. He was also very pleased to receive the invitation for lunch when he returns to Washington the middle of next week. He will call regarding the arrangements.

Electrostatic Copy Made for Preservation Purposes

February 25, 1977

Susan Clough

The attached is forwarded to you for your information.

Rick Hutcheson

cc: Stu Eizenstat
Hamilton Jordan
Joe Aragon

Re: Stu's comments on Community Services

original to THE WHITE HOUSE WASHHNSTON **ARAGON** MONDALE BOURNE COSTANZA BRZEZINSKI EIZENSTAT BUTLER JORDAN H. CARTER LIPSHUTZ CLOUGH MOORE **FALLOWS** POWELL HARDEN WATSON HOYT KRAFT B. MITCHELL / FOR STAFFING B. RAINWATER FOR INFORMATION SCHLESINGER SCHNEIDERS TO PRESIDENT SIEGEL T. SMITH TODAY WELLS VOORDE

gh J

President Carter --

Stu would like to have 10 days in which to present comments on Community Services (Aragon) as requested. This will give him time to ask for input from others, particularly because of impact of program.

(You had not stipulated time requirement on note. They could do this in one night, if you want... but it seems to make more sense to them to be a bit more careful than offering you a crash review.)

I suggested it seemed to me hatunless this was interrelated timewise with some other program development you were expecting....(of which they more than likely would/should be aware)....the 10-day work time probably would be alright....and that I would let you know of the request.

Rich Stu -- F.y.I.

pls retrem mjung do me -Manles - Suran

February 25, 1977

Frank Moore

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Congresssional Mail.





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2/23/77 MAIL SUMMARY -1-	Disappointed to learn that FY'78 Budget Requests do not include fund for continued environmental studies of proposed Dickey-Lincoln Hydro- electric Project in Maine. They would appreciate an opportunity to discuss it with The President	As discussed with Hugh Carter and Mr. Wm. Gulley, Rep. Brooks would like a copy of the guidelines under which military passenger aircraft will be used by the Executive Office of the President.	Commends The President's dedication to human rights and respects his courage in writing to Andrei Sak-	Regrets that having the "telephone talk show" on Saturday prohibits Orthodox Jews and Seventh Day Adventists and Baptists from participating.	Criticizes State Dept. decision to block the sale of Israeli Kfir C-2 fighter/bombers to Ecuador. Adds that loss to American subcontractors is \$400 million in the next 3 to 5 years.
	FROM Senators Muskie and Hathaway	Rep. Jack Brooks	Dan Quayle	Edward I. Roch	Sen. Howard Cannon

SUBJECT Ors Sam Nunn Encloses memo pr Callaghan on the dardization Poli dorse legislatio interoperability ization of arms within the Atlan sarles Thone Encloses text of Resolution which duce on 2/21/77 10/10/77 be proc Conservation Day that "Conservation and backage. "I will vote the Civil Aeronau submit its Miami- recommendation to prior to 2/28/77 and the U.K. will tion negotiations rupt U.SU.K. ai		SUMMARY	CONGRESSIONAL	CONGRESSIONAL MAIL TO THE PRESIDENT	Ę-4
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orida Dele- Urges the President to request the Civil Aeronautics Board to submit its Miami-Paris route recommendation to the President prior to 2/28/77 when the U.S. and the U.K. will resume avia- tion negotiations which may dis- rupt U.SU.K. air services	Sen. Harrison Schmitt CC: All U.S. Senators & Secy. Harold Brown	against of Mr.	•	Serper Ee	
	The Florida Dele- gation	t to requires Board aris rout the Presidenthe Uresume averservices	ack/DoT	, \forall \tau_1	

MAIL SUMMARY

	MAIL SUMMARY CO	CONGRESSIONAL MAIL MA
		. LUEGISHUE TO THE PRESIDENT
FROM	SUBJECT	DISPOSTMICM
Rep. Jim Mattox	"You have my support for your reorganization plan" and further pledges to work with the freshman Democrats and the	COMMENTS
	members of the Texas dele- gation.	ack-FM
Rep. Carroll Hubbard	שש יייים	
	requests a reply	ack/FM
Senators Goldwater and DeConcini (a telegram_)	Requests a meeting with The Pres- ident to discuss water projects	TK Ret/Ceil firt
Rep. Jack Kemp	Requests that The President waive the 30% requirement for matching funds from local governments for Federal Assistance.	ack/SE

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ack/JK

Urges the appointment of Asian Americans and suggests using the "talent bank" of the Jap-

Norman Mineta & John Reps. Robt. Leggett,

E. Moss

& Wayne Horiuchi CC: Jim King Frank Moore

anese American Citizens League

To many that a second of a
Sencer has been asked to resign. Betty enjoyed hovisit with Rosalynn Endorses the ITC's recommendation for placing taniff quotas on shoe imported for the next summit ference with the Soviet U. Thanks for meeting with the Ways & Means Committee, "I continue to pray for y health and success." Requests verification and copy of text: Amb. Young burnorted remarks in the copy of text: Amb. Young burnorted remarks in the copy of text: Amb. Young

Press

FROM Rop. Henry B. Gon- Zalez Rep. John Dent Rep. James Burke Rep. James Burke Rep. Leo Ryan Commissioner Rober. L. Martin Commissioner the Masor and Commissioner the Masor and Commissioner the Masor and Commissioner for continuent to accept Rep. Carl D. Por- Requests a meeting with the Rins Sen. Sam Nunn Urges The President to accept Repeated by President to accept Repeated by Carl D. Por- Requests a meeting with the Requests one meeting with the president to accept Rop. Carl D. Por- Requests a meeting with the president to accept Rop. Carl D. Por- Requests a meeting with the president to accept and active constituents Sen. Russell Long Cc. Hamilton Organ as above Properties Roy Powell Roy Powell Roy Powell Roy Powell		MAIL SUMMARY 2/23/77	CONGRESSIONAL	MATT M	 	
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MAIL SUMMARY 2/23/77

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CONGRESSIONAL MAIL,	DISPOSITION	FV 7:5	2 XI.	40 40 40 40 40 40 40 40 40 40 40 40 40 4	=	=	ack/JK CC: RC
MAIL SUMMARY 2/23/77 PAGE -6-	SUBJECT	Invitation and medallion	Requests that Charles Luna's term as a Dir. of Amtrak be extended	Urges appointment of Joseph A. Castillo as Director of SBA in Arizona	Recommends that Gov. Raul Castro be appointed to a high level post in the State Dept. Has written on Castro's behalf before	Recommends Paul Block, Jr. to the Metric Board (Block is publisher of Toledo "Blade" which endorsed the President)	Congratulations on creation of Commission on Mental Health and the selection of Rosalyn as Honorary Chairperson. Would also like to recommend Mrs. Oscar Sowards to serve.
		"M" Club at Univ. of Md.	Rep. John J. Flynt CC: Jim King	Sen. Dennis DeConcini CC: Gov. Castro Morris Udall Robt. Stump Mitchell Ko-belinski	Sen. Dennis DeCon-	Rep. Thomas Ashley	Sen. Wendell Ford

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	L TO THE PRESIDENT		COMMENTS						
	CONGRESSIONAL MAIL TO THE		DISPOSITION "Special"	ack/JK ack/JK	ack/JK CC: FM	HJ "special" ack/JK		ack/JK	ack/JK
MAIL SUMMARY	-7-	SUBJECT	Encloses letter from Congress man Andrew's widow supporting S. Douglas Smith.		Recommend Thomas B. Wingate as U.S. Atty. for N.H.	oj Sec Riv	recommendation" Recommends Robt. L. Herbst and Jack Merwin to Interior	ames the	
		FROM	Former Speaker Carl Albert	Rep. Bill Hughes	Senators John A. Durkin & Thomas J. McIntyre	Rep. Bruce Vento	Rep. James Abdnor	Sen. Carl Curtis	

THE WHITE HOUSE

WASHINGTON

February 25, 1977

MEMORNADUM FOR THE PRESIDENT

FROM: Rick Hutcheson

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SUBJECT: STATUS ON PRESIDENTIAL REQUESTS

Follow-up of Reports 1/28 - 2/17:

- 1. Schultze and Powell: Anti-inflation statement--In Progress (to be discussed at 3/4 EPG meeting).
- 2. Vice President: Assessment of nomination of the Special Trade Representative--Done.

done

- 3. Lance/Eckerd: Effectiveness of existing Federal Information Centers--In Progress, (report expected 3/25).
- 4. Lipshutz: Draft Executive Order regarding Director of Agricultural Economics at Level IV--In Progress, (expected 3/1).
- 5. Eizenstat: Pursue individually through Cabinet officers regarding potential Legislative Agenda in Domestic area-Ongoing.
- 6. Eizenstat: What can we do without legislation to maximize openess in government?--In Progress, (report expected 3/4).
- 7. Vice President: Pursue problem of time spent in hearings--In Progress, (report expected 3/1).
- B. Jordan: Do not proceed with any such funding as has been closed proposed by ZCEDC (Zavala County)--Done.

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- Kreps: We need policy on Arab boycott legislation--<u>In</u> <u>Progress</u>, (meeting being scheduled with Bell and Vance.
- 10. Bell: Send the President a brief summary on the report on Federal Prosecution of Corrupt Officials--<u>In Progress</u>, (expected 3/4).
- 11. Adams: Let the President sign the appointment of Alan Boyd as Ambassador for U.S./U.K. Negotiations for the new air service agreement--Done.

done

12. Eizenstat: The President will deliver an early environmental statement if good--In Progress.

- 13. Brzezinski: Check on need for travel of Leo Cherne of PFIAB--In Progress, (expected 3/2).
- 14. H. Carter: Give the President monthly summaries of the travel requests--Ongoing, (first report due 3/1).
- 15. Brown: Let the President know the status of any beyond the first three 747 Command Planes already in operation -- In Progress.
- 16. Lance/Turner: Reduce DCI staff, if possible back to its pre-reorganization figure. Give the President an assessment of the total personnel needs when possible -- In Progress, (expected 3/1).
- 17. Blumenthal: Minimize purchases of amored limousines--In Progress, (expected 3/2).
- 18. Blumenthal: Go over tax reform principles, general goals and procedures with EPG; then submit back to the President your 2/8 memo with any amendments and/or comments--In Progress.
- 19. Brzezinski: Develop agenda letter, hear from Portillo, and dove then arrange one or two groups to meet agenda--Done.
- 20. Bell: Check out Lionel Castillo further and compare him with others -- In Progress.
- 21. Brzezinski/Warren: Advise the President on what we can do regarding international restraints with the hope of getting other nuclear nations to join--NSC considers this Denet

- 22. Eizenstat: Prepare a draft message to Congress on the Opportunity for Regulatory Reform--Underway, (Airline deregulation is first part of proposal, next part in 30 days).
- 23. Jordan: Expedite the confirmation of Richardson as Ambassador dove --Done.
- 24. Vice President and Jordan: Set up appointments regarding the Special Trade Representative--Done.
- 25. Watson: By Thursday of each week give the President a short list of topics from which to select one for major emphasis at the following Cabinet meeting--Onging. Also, schedule Brzezinski presentation to Cabinet and families--Scheduled (3/3).
- 26. Eizenstat: Let the President's commissions know there will be no extensions regarding the final reporting date and increasing authorization of American Indian Policy Review Commission--In Progress.

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MEMORANDUM FOR THE PRESIDENT PAGE 3

- 27. Lance/Schultze: a) What can we do to increase employment in Post Office, b) What rules on overtime should be established to prevent circumventions of employment limits in government -- In Progress, (expected 3/1).
- 28. Bell: What is the proper and legal way to handle the requests from ex-Presidents and ex-Vice Presidents for transportation, secret service protection for overseas trips, and some personal use of government employees--In Progress, (expected 3/2).

February 18:

Andrus/Schlesinger: Please begin preparation of requisite legislation and message to Congress. Also, evolve a program of presentation to key Congressional leaders -- In Progress.

2. Eizenstat: Assess Schlesinger memo on energy reorganization -- In Progress, (expected 2/26).

Obtain specific information from Rickover about Eizenstat: labor abuses--Done.

4. H. Carter: Add Sunday Atlanta paper to residence-

- Schlesinger: As a special favor to the President, please include Willen/Wyler in energy conference or discussion--Underway.
- Brzezinski: You, State, and Treasury should prepare a definitive letter from me to Portillo--Done.

- 7. Eizenstat: Consult with Cabinet after our position on regulation/business is in draft form--In Progress.
- 8. Schlesinger/Eizenstat: Keep analysis viable regarding the inquiry of liquid metal fast breeder reactor and thorium breeders--Ongoing.
- Eizenstat: Have someone assess report/weekly briefing notes on U.S. Domestic Developments and give the President the significant points, data, trends, etc. each week--Ongoing.
- 10. Lipshutz: Assist the President in identifying a mediator regarding the Maine Indian tribes and claim--Underway.

You know of the President's promise to make the Attorney General independent of White House control and influence. Please consult with your advisors and prepare draft legislation -- In Progress, (expected 3/2).

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MEMORANDUM FOR THE PRESIDENT PAGE 4

February 19:

- 1. H. Carter: Give the President options on getting rid of the Presidential yacht--In Progress, (expected 3/1).
- 2. Blumenthal: Barring genuine and serious threat, secret service protection for all previous government officials should be terminated no later than March 20. This includes everyone except President and Mrs. Ford--In Progress.

done

3. Jordan: Put Angie Duke's name in the diplomatic pot for Askew's consideration--Done.

done

4. Brzezinski, Powell, Vance, Fallows: Begin planning on the fireside chat on foreign/defense matters--Underway.

February 20:

1. Watson: Have Department reports on the President's desk by 10:00 a.m. Saturday--Ongoing.

done

- 2. Eizenstat: Status on Consumer Protection Bill?--In Progress, expected 3/4.
- 3. Brzezinski, Watson, Hutcheson: From now on give the President down one coordinated briefing book, collected from the myriad of sources--Ongoing.
- 4. H. Carter: Eliminate all Sunday newspapers to the Oval Office; not cut Washington Post on Mansion second floor to one on weekdays done and Sunday--Done.

 This morning
- 5. Hutcheson: Check with Sam Brown for comment regarding the Lipshutz memo on Howard Samuels and Program for Volunteerism

February 21:

1. Hutcheson: Summary of toal number and per centage of women and minorities assigned to White House Staff--In Progress, (expected 3/2).

done

2. Lance: We must have a tight monitoring of the city budget in the future and a commitment that they will live within the budget, once approved--Ongoing.

done

3. Jordan: Give the President a complete list of all appointments we need to make--<u>In Progress</u>, (with Eizenstat and Cabinet and is expected 3/1).

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MEMORANDUM FOR THE PRESIDENT PAGE 5

- 4. Eizenstat: You should work with Secretary Marshall to develop the Administration's position on all of the major issues that concern Labor--In Progress, (expected 2/28).
- 5. Brzezinski: Let the President have early draft of fireside chat on foreign policy--Done.

February 23:

- 1. Eizenstat: Status report on the Lake Alma Project--Done.
- 2. Moore/Kraft: It is alright with the President to have a meeting with the Senators concerned about the elimination of the water projects--(Meeting to take place with Andrus and Lance next week).
- 3. Sam Brown: Respond to Howard Samuels on your own behalf as head of ACTION--In Progress.

February 24:

- 1. Powell: The poll on "confidence" should be released next week--Underway.
- 2. Lance: Please contact Cong. Breckinridge (KY) regarding a rural development proposal--Message Transmitted.

Lone

done

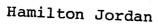
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February 25, 1977



The attached is forwarded to you for your information.

Rick Hutcheson

Re: Ambassadorial Appointments





1 mal 1	
FYI	FYI
MONDALE	ARAGON
COSTANZA	BOURNE
EIZENSTAT	BRZEZINSKI
X JORDAN	BUTLER
LIPSHUTZ	H. CARTER
MOORE	CLOUGH
POWELL	FALLOWS
WATSON	HARDEN
	HOYT
/ T FOR CHARREN	KRAFT
// FOR STAFFING	B. MITCHELL
FOR INFORMATION	B. RAINWATER
Z FOR INFORMATION	SCHLESINGER
// TO PRESIDENT	SCHNEIDERS
// TO PRESIDENT	SIEGEL
TODAY	T. SMITH
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

February 24,1977

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN

RE: AMBASSADORIAL APPOINTMENTS

We will begin soon to have to make decisions on the persons being considered for Ambassadorships. I think that the enclosed article from the Post makes several points that should be made and remembered by us.

There is an elitism and arrogance at the State Department that is reflected in our foreign policy and in our ambassadors. In many countries a person who has character, judgement, the ability to get along with people and a commitment to learn a culture are better representatives of our nation than career foreign service officers.

Bill vanden Heuval can use the same skills he used to negotiate Beame's endorsement to represent us somewhere. If we do not advocate our own friends for these non-career posts, someone else's friends will receive these appointments.

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Ambassadorships 'Are Properly Political'

President Carter's new Advisory Board on Ambassadorial Appointments may be barking up the wrong tree. If it abets the President's stated desire to move the selection of American envoys "away from the realm of politics as much as possible," it will consign its choices to a mounting diplomatic scrap heap, where they will enjoy scant influence and little glory. If an 'effective corps of ambassadors is what the President really seeks, he would have been as well advised to send Vance, Brzezinski and Jordan into a room and not let them out until they agreed on 120 mumove the selection of American envoys them out until they agreed on 120 mu-tually close friends and trusted politi-cal comrades.

cal comrades.
Since Presidents regularly draw criti-cism for making patronage appoint-ments to diplomatic posts, one might

The writer is a research associate at. he Brookings Institution.

suppose that any move to inject merit into these decisions would be a healthy reform, and that a blue ribbon advisory

reform, and that a blue ribbon advisory
panel is a sensible first step. The Carter
administration's sincerity gains force,
from the participation of Averell Harriman, Dean Rusk and William Scranton,
distinguished public servants and practiced diplomats who would not likely
play at charades.

For them and their 17 carefully balanced colleagues on the advisory
board, superficial reform will not be
difficult. Indeed, merely naming the
panel warms the hearts of right-thinking commentators who still recoil with
outrage at the memory of recent President's bestowing embassies on large
campaign contributors.

But that is the easiest kind of patron-

But that is the easiest kind of patronage to curb, particularly since the new age to curb, particularly since the new campaign finance laws have lifted the old burden of huge donors' expecting to be rewarded with plummy assignments to Western European capitals. Today the tough issue for the President may be termed the "new politics" patronage, the payment of campaign debts incurred in practically every shade of currency, save green. He must now contend with domestic interest groups and demographic factions whose leaders are chiefly concerned with the sex, race or ethnic origin of an ambassadorial nominee, particularly the one slated for their own homeland. Insofar as the President confines his diplomatic choices to the career Foreign Service, these pressures can be contained. But each time he opens an appointment to non-careerists, he opens himself to trouble. Besides the factional spokesmen, he must contend with the foreign relations meritocrats who disingenuously claim to eschew all "political" considerations in degreed.

with the foreign relations meritocrats who disingenuously claim to eschew all "political" considerations in demand-ing selection of "the best qualified"



man or woman for a particular slot. And he must also heed the personal ad visers and seasoned hands who counse him to fill the embassies with trustwon thy loyalists—and with those he is obliged to hire but can't abide keeping in Washington. in Washington.

A still more fundamental dilemm

A still more fundamental dilemmi concerns the diplomat's role itself, and the advisory board can do little about this one. To be sure, the title of Ambas sador Extraordinary and Plenipotentiary resonates with the honor and romance that have attended the position since Thomas F. Bayard was dispatched to the Court of St. James' in 1893. (Theretofore we had given our emissaries less grandiose designations. And the 1,100 subsequent hotlers of that rank make for as lustrous a list of prominent citizens and dedicated public servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be found in the afficiency of the servants as can be served to the servants as can be served to

nais of modern American history. But in the past 30 years, the ambassador's job description has almost totally changed. Two factors are key. First, most American foreign relations have grown too weighty and intricate to be entrusted to an individual emissary thousands of miles from Foggy Bottom. Any issue of importance commands the attention of the State Department and the White House. If our interests are deeply involved, determining our position calls for consultation with allies, interagency negotiations in Washington, and often times a conversations with congressional leadiers as well. Ordinarily, it is easier for the United States to handle such matters with the other country's ambassador to Washington than via our envoy to its capital. Although Henry Kissinger's celebrated penchant for personalger's celebrated penchant for personalized and secretive diplomacy doubtless accelerated the decay, reliance on our ambassadors has been dwindling for ome time.

Second, modern communications technology enables Washington to keep its envoys on a very short leash, indeed, Second, since their confidential views can be transmitted to the State Department transmitted to the State Department and its directives cabled back within minutes if need be. Diplomats have always borne "instruction" from their governments, but before World War II it took so long to check back with Washington that effective diplomacy called for initiative and judgment in the field. Today the ambassador's chief dally task is to decide how to phrase the outgoing cables and how to execute? the outgoing cables and how to execute the instructions in the incoming traffic.

the instructions in the incoming traffic.

What sort of a person does that require? Had the selection of ambassadors not gotten tangled up with symbolic politics in both the domestic and interpational arens, the answer would be straightforward: in practically every instance, an experienced career diplomat is best able to judge what to tell Washington and how to carry out its instructions. If the nation to which he is posted holds limited importance for the United States, he may even turn out to have a good deal of influence on decisions affecting our relations with it. Top brass at the State Department and the White House seldom have time to pay close attention to the situation in Ecuador, Chad or Fiji.

But the 30 or so countries to which

Ecuador, Chad or Fiji.

But the 30 or so countries to which we have generally sent non-career ambassadors are also the ones that Carter, Vance, Brzezinski, et al., must attend to on a daily basis. In selecting these envoys, a delicate four-way trade-off is unavoidable. Is it more important to flatter the host nation by naming an eminent individual, to curry favor with a domestic interest group by choosing one of its own, to oil the foreign policy machinery by installing a practiced professional, or to obtain unvarnished geopolitical advice from a trusted associate?

The answer is not self-evident. Once in a while, all four qualities can be found together, and the President's panelists will doubtless prospect hard for more such ambassadorial gems. Not finding many, they will return to the White House for additional guidance. Just which sort of "merit" did Carter really have in mind? It will be interesting to see what he says. For the choice of an ambassador is inherently and properly a political decision, and it is folly to think otherwise. The most the President should expect from his panel is a little help in weighing the political factors in each of the scores of such decisions he will make over the next few months. The answer is not self-evident. Once

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February 25, 1977

Secretary Blumenthal & Charlie Schultze thru Jack Watson

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Organization of Economic Policy
cc: The Vice President Group
Midge Costanza
Stu Eizenstat
Ham Jordan
Bob Lipshutz
Frank Moore

Jody Powell





The chairman of the Chair function of the council of Economic advisers alternate Chairmanshy washington

(Monthly or Annually) & That
February 12, 1977 Staff be

THE PRESIDENT HAS SEEN.

assigned to existing entity. Alternative: Let Mike be chainen & stoff work within CEA-

MEMORANDUM FOR THE PRESIDENT

FROM: MIKE BLUMENTHAL, CHARLIE SCHULTZE

SUBJECT: Proposed Organization of an Economic Policy Group

The following proposal outlines our final recommendations on proposed membership, basic structure, and the process for formulating recommendations to you within an Economic Policy Group (EPG).

I. Recommendations for membership

- That a single cabinet-level committee called the Economic Policy Group be created to help formulate and co-ordinate both domestic and foreign economic policy.
- That the Executive Committee of the group consist of the Secretaries of State, Treasury, Commerce, Labor, HUD, Council of Economic Advisers, the Director of the Office of Management and Budget, and the National Security Adviser.
- That the Vice President be an ex-officio member of the Executive Committee.
- That the Assistant to the President for Domestic Affairs and Policy be an ex-officio member of the Executive Committee.
- That the Secretary to the Cabinet attend all meetings as an ex-officio member, and insure that other members of the Cabinet, as well as the Assistant to the President for Energy, the Ambassador to the United Nations, and the Special Trade Representative, are invited to attend those EPG meetings that deal with issues in which they have a significant interest.

Electrostatic Copy Made for Preservation Purposes - That the Treasury Secretary and the CEA Chairman would be co-chairmen of the EPG and its Executive Committee.

II. Recommended Structure

- The operation of the EPG should be less rigid than that of the Ford Administration's Economic Policy Board.

Specifically:

- 1. The EPG should meet weekly, on Monday, rather than four times weekly as the EPB did.
- 2. A small staff of three professionals and four clerical employees will be assigned from the staffs of the Treasury Department and CEA to assist the co-chairmen in co-ordinating EPG activities. This staff will advise the co-chairmen on the EPG agenda, manage the flow of reports and other paper, enforce deadlines, schedule meetings, and otherwise accept the burden of keeping this operation functioning smoothly.
- 3. Actual policy analysis will be carried out by groups of staff members and senior deputies from the several agencies involved in the EPG. Most of these groups will be created ad hoc to deal with specific problems as they arise. Final recommendations will be formulated by the EPG itself.

NOTE: The staff supporting the EPG would remain on the payrolls of the Treasury Department and the CEA. The General Counsel at the Office of Management and Budget advises that direct funding of the EPG staff would require a new statute. Any request for such a statute would, in our view, open the door for Congress to stipulate in the law the manner in which the EPG should operate. It is possible, but not likely that the appropriations subcommittee which handles Treasury and CEA may not approve the method we have suggested above for providing an (If that happens, the only alternative that averts the need for a new statute and a direct appropriation is to put the EPG staff on the payroll of the White House, probably in the Cabinet Secretary's office.) We are sanguine, however, that the appropriations committees will not object to our proposals.

III. Recommended Jurisdiction of an EPG

- All major economic policy issues should be coordinated through the EPG. In particular, we want to bring together in one place staffing and planning for both domestic and international issues.

A major aim of this proposal is to avoid duplication and competition in international economic policy making between EPG and NSC. Since the National Security Adviser or his economics deputy will serve on the Executive Committee of the EPG, NSC participation in the economic deliberations of that group would be constant. Membership of the EPG co-chairmen and the Director of OMB on the NSC also assures adequate economic input into NSC decisions.

Under this proposal, NSC would continue to be the primary forum for discussion of the political aspects of international economic issues, through the operations of its Policy Review Committee or its Special Co-Ordinating Committee. NSC routinely will ask EPG to take on the staffing and analysis of international economic issues, however, retaining the option to review EPG recommendations for their political impact before those recomendations are forwarded to you.

An example of how the NSC-EPG arrangements would work in one situation is attached.

Illustration of NSC and EPG Coordination of International Economic Issues

- 1) The question of whether or not to hold an Economic Summit Meeting would be addressed in the Policy Review Committee of the NSC since that decision involves substantial political, as well as economic considerations.
- If PRC decided that an Economics Summit Meeting should be held, staffing of the underlying economic issues for the meeting would be handled through EPG. Staffing on such questions as sterling balance, Italy's economics situation, international commodity policy, debt overhang, etc. would be divided among members of the EPG for appropriate analysis and summary.
- Once the EPG completed its recommendations, the subject would be returned to the Policy Review Committee before going to the President. If there were some disagreement in the PRC concerning the policy recommendations of EPG, the matter would not go to the President without further discussion in the NSC.

THE WHITE HOUSE

WASHINGTON

February 23, 1977

MEMORANDUM FOR:

RICK HUTCHESON

FROM:

RICHARD HARDEN

SUBJECT:

Proposed Organization of Economic
Policy Group - Jack Watson's Memo
of 2/21/77

wharly

Below are several comments you might want to consider passing along to the President in regard to the above proposal:

- -- I have seen very few situations where a co-chairman type arrangement works effectively. I would suggest that you consider having the chairmanship alternate between the two men on an annual basis.
- -- The memo does not address the impact this proposal would have on the CIEP.
- -- In regard to the staffing of the EPG, I think we would be ill-advised to place the staff on the White House payroll. It would probably be good to have A. D. Frazier address this question as part of the reorganization study of the Executive Office of the President.

agree

- -- Another point I would address in the memo is the physical location of the "small staff."
- -- In creating a permanent staff for this group, I think we need to be careful to ensure that we don't just create another policy checkpoint that becomes a "bottleneck."

Mr. President: I would second Richard's remarks about "co-chairpersons," as far as paper flow is concerned. It is very important that there be one secretariat for the EPG paperflow. There will be confusion if staffing is done both by Treasury and by CEA. Rick Hutcheson

Electrostatic Copy Made for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

February 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT

SUBJECT:

Comments on Proposed Organization

of Economic Policy Group

I would make the following points:

- 1. It should be clearly established that once the principals in the Economic Policy Group make a recommendation which requires Presidential action, that recommendation should go through Rick Hutcheson for the normal White House staff circulation, to insure that all persons on the White House staff are informed of the recommendation and can comment on it. Apparently certain things have been taken directly from the Economic Policy Group to the President without the opportunity for staff comment.
- 2. While I cannot conceive that the Appropriations Subcommittees will have any trouble with the suggested EPG staff remaining on the Treasury and CEA payrolls, if they do, the decision as to where within the White House staff they should go should not be made at this time. I would think that if they must be put on the White House staff, they would more closely relate to the ongoing activities of the Domestic Policy staff. I think we should cross this bridge only if we have to.
- 3. I believe the Secretary to the Cabinet should attend all meetings and insure that all pertinent Cabinet members should attend. Whether in addition he should be an ex-officio member of the Economic Policy Group is something for the President to decide.

THE WHITE HOUSE

WASHINGTON

February 21, 1977

MEMORANDUM TO:

THE PRESIDENT

FROM:

Jack Watson Jach

RE:

PROPOSED ORGANIZATION OF ECONOMIC POLICY GROUP

The attached memorandum to you from Mike Blumenthal and Charlie Schultze outlines the membership, structure and basic operational responsibility of an Economic Policy Group (EPG). As you know, there have been numerous discussions leading up to these proposals.

The critical jurisdictional questions concerning international economic policy-making have been worked out between Zbig and Cy Vance on the one hand and Mike and Charlie on the other. Although the Executive Committee of the EPG is somewhat larger than some would desire, I think it is workable.

Although the proposal comes to you from Mike and Charlie, it is concurred in by Messrs. Vance, Marshall, Lance, Brzezinski and Eizenstat and Ms. Kreps and Ms. Harris. I have assured all other members of the Cabinet that agenda for the meeting will be distributed to them beforehand so that they can attend any EPG meeting which deals with issues in which they are interested.

THE WHITE HOUSE WASHINGTON

February 25, 1977

Jim Schlesinger

The attached is forwarded to you for you information.

Rick Hutcheson

Re: Recommendations of the Chamber of Commerce of the U.S. on a National Energy Policy.





THE WHITE HOUSE WASHINGTON

FYI	ACTION	FYI	
MONDALE	Н		ARAGON
COSTANZA	П		BOURNE
EIZENSTAT			BRZEZINSKI
JORDAN	Г		BUTLER
LIPSHUTZ	Π		H. CARTER
MOORE			CLOUGH
POWELL		Г	FALLOWS
WATSON			HARDEN
	\Box		HOYT
			KRAFT
FOR STAFFING			B. MITCHELL
			B. RAINWATER
for information	\Box	X	SCHLESINGER
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// TO PRESIDENT			SIEGEL
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THE PRESIDENT HAS SEEN.

Schlesinger I RECOMMENDATIONS OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

ON A NATIONAL ENERGY POLICY PRESENTED TO PRESIDENT CARTER FEBRUARY 24, 1977

The following national energy policy recommendations would bring domestic consumption and production of energy nearer balance, reduce dependence on foreign sources, contribute to national security and strengthen our economic and political freedoms.

Energy Conservation (see Attachment A) I.

A national energy policy should avoid mandatory controls and rely, instead, on market forces to discourage the wasteful use of precious energy resources, while also encouraging greater investment in energy production.

Increasing Energy Production (see Attachment B) II.

- Propose deregulation of well-head price controls on new natural If phasing is deemed necessary, federal law should recognize the great lead times involved in gas exploration and production. Thus, any "trial" program should be limited to no less than five years.
- Propose accelerated phase-out of existing price controls on В. crude oil and petroleum products.
- Support surface mining legislation that recognizes the effectiveness of existing state programs in regulating suface mining practices.
- Propose legislation to augment our national capacity to enrich D. uranium into fissionable form through the private sector.
- Propose legislation authorizing an improved national program for the disposal and storage of nuclear wastes.
- Propose legislation amending the Clean Air Act to make power F. plant siting and coal utilization easier.
- Fully utilize existing authority to simplify and accelerate the leasing, exploration and development of our outer continental shelves.
- Preserve the efficiency resulting from the horizontal and Η. vertical integration of energy firms.
- Support fullest prudent funding for ERDA research in solar, Electrostatic Copy Madaermal and wind energy, as well as research in energy for Preservation Purposer vation, resource recovery, enhanced oil and gas production, and coal extraction techniques.

- J. Propose amendments to the National Environmental Policy Act (NEPA) to accelerate environmental review of major federal actions.
- K. Propose legislation extending Federal eminent domain authority to coal slurry pipelines.
- III. Major Causes of Our Energy Crisis (see Attachment C)

THE CONSERVATION OF ENERGY

Business and residential consumers use energy unwisely because it is priced below its real market value. A gradual return to free-market pricing will discourage wasteful consumption and encourage such energy saving techniques as insulation, heat recovery, more efficient autos, car-pooling, public transit, etc.

An energy conservation program built around market mechanisms will ultimately be more equitable and effective, as well as publicly palatable, than a complex series of bureaucratic mandatory controls.

While energy conservation will clearly ease our plight, and should be our first line of defense, it would not be wise to assume that energy conservation alone will solve our problems.

ATTACHMENT B

INCREASING DOMESTIC ENERGY PRODUCTION

Despite our recent difficulties, America remains uncommonly blessed with energy resources, although various aspects of public policy prevent or delay their full development. To encourage greater development of our domestic energy resources, we recommend:

- A. NATURAL GAS DEREGULATION. This winter's natural gas shortage reveals that price controls on interstate natural gas sales do not serve the public interest. Reliable studies indicate that higher natural gas prices will catalyze increased gas production. This has already been shown by market response to the recently enacted Emergency Natural Gas Act. Since the well-head price of natural gas is typically only a quarter of the ultimate consumer's bill, and the retail sale of natural gas remains under the regulatory scrutiny of the respective state public utility commissions, consumers will be adequately protected from rapid and onerous price increases. If deregulation is to be attempted for a trial period, we feel that five years would be the minimum period needed to effectively evaluate its results.
- B. PETROLEUM DECONTROL. Well-head and retail price controls on oil and petroleum products have the same effects as those controls on natural gas. They discourage production while simultaneously encouraging consumption. Consumers are simply getting the wrong economic signals. Oil price controls are currently being phased-out under EPCA. This process should be accelerated.
- C. SURFACE MINING. Virtually all states with surface mineable coal reserves have tough state statutes regulating mining practices and reclamation. A detailed federal program, on top of these thirty-four state programs, would only add duplication, delay and red tape at a time when the need to increase coal output is self-evident.
- D. <u>URANIUM ENRICHMENT</u>. The three government owned enrichment facilities currently produce enough fissionable uranium for military and non-military purposes. However, the number of nuclear power plants in operation will soon double from roughly sixty plants to about one hundred and twenty-five. In the next decade, our need for fissionable uranium will surpass our capacity to enrich uranium. Therefore, additions to our enrichment capacity must be authorized within the next several months.
- E. NUCLEAR WASTES. Though our current ability to dispose of and store high-energy nuclear wastes is adequate, this capacity must be increased in anticipation of future needs.
- F. CLEAN AIR ACT AMENDMENTS. Provisions of the Clean Air Act of 1970 make the siting of power plants and the full utilization of coal difficult, if not impossible. The Federal Energy Administration estimates that one-third of our currently produced

coal is unusable without amendments to the Clean Air Act. Additionally, the so-called "non-degradation" aspects of this program make the siting of large coal-burning plants nearly impossible.

- authorized under the Outer Continental Shelves Lands Act has generally served the American people well, allowing roughly a fifth of our petroleum and natural gas to be produced offshore California and the Gulf of Mexico. However, full development of our offshore resources has been stymied by a tedious and onerous administrative program. Congress is seriously considering legislation that would make this process even more cumbersome. The situation, on the contrary, requires full use of existing authority to make this process more efficient while protecting environmental values.
- H. DIVESTITURE. The vertically and horizontally integrated structure of the American energy industry has proven to be more efficient and economical than the non-integrated and governmentally-owned systems in other countries. Destroying this workable system through horizontal and/or vertical divestiture would be a tragedy.
- I. <u>ERDA FUNDING</u>. The promising research and development work now being done under the Energy Research and Development Administration will ultimately pay off in the development of better energy sources in years to come. Funding in all areas of energy research should be to the highest prudent level. However, it would be short-sighted to expect many emerging energy forms to be commercializable in the short term. For at least the next decade, our energy options will necessarily be limited to rational energy conservation, coal, nuclear, petroleum and natural gas.
- J. NEPA AMENDMENTS. The National Environmental Policy Act of 1969 was a necessary and wise departure from previous national policy. However, the administration of its section requiring "Environmental Impact Statements" for major federal actions has been characterized by delay, complexity and endless court disputes. The Alaskan oil pipeline, for example, was delayed four years in part because of court decisions on the adequacy of the necessary environmental impact statement. More currently, the leasing of promising tracts on the Atlantic outer continental shelf has this week been aborted by a NEPA-based federal court decision. Amendments to NEPA to simplify and accelerate environmental review of major federal actions are long overdue.
- transport has been stymied by the absence of eminent domain authority. Competing modes have effectively aborted the construction of coal slurry pipelines by refusing to grant them necessary rights-of-way. All other forms of transportation (highways, waterways, oil and gas pipelines, electrical transmission lines) either have eminent domain authority or had it during their developmental phase. Extension of eminent domain authorities to coal slurry pipelines would enable this new technology to compete fairly in the energy-transport marketplace.

CAUSES OF OUR NATIONAL ENERGY CRISIS

Our national energy crisis began when our domestic consumption of energy surpassed our domestic production. The 1973-74 Arab oil embargo simply made this fact manifest. Since our goal must ultimately be to bring domestic consumption and production nearer balance, our two chief options are to decrease domestic consumption and/or to increase domestic production of energy.

The root cause of our energy problem is federal price controls on natural gas, petroleum and some petroleum products. Price controls exacerbate the situation in two ways. First, by keeping energy prices unnaturally low, they encourage all classes of consumers to use energy wastefully. Second, by keeping the net earnings of energy producers low, price controls discourage capital formation and thereby investment in new productive capacity. Twenty years of price controls on natural gas, for example, have not only undercut efforts to increase gas production, they have also discouraged production of petroleum and coal as well as discouraging private investment in emerging energy sources such as coal and shale liquefaction and gasification.

Another cause of decreased or delayed energy production is the complex system of environmental restrictions on energy production and utilization -- such as impending federal restrictions on surface mining and offshore development, delays in the construction of hydroelectric facilities, pieplines, power plants and refineries and, lastly, Clean Air Act restrictions on the use of our most abundant energy source, coal.